

**Media Release**  
**8 October 2009**

## **ABANO SET FOR FURTHER OFFSHORE GROWTH WITH SALE OF NZ AUDIOLOGY BUSINESS**

The sale of Abano's New Zealand audiology operations was the key topic of interest at the Abano Healthcare Group Limited annual meeting held today in Auckland, with shareholders voting in favour of the sale to National Hearing Care for \$157.8 million.

Abano, with multiple businesses in the healthcare and medical services sectors in New Zealand, Australia and Asia, had an exciting future, said chairman Alison Paterson, and was well positioned to pursue value-adding opportunities to enhance shareholder wealth.

Alison Paterson commented: "Following on from the sale of Bay Audiology New Zealand, the future of our company looks very exciting. The opportunity to sell the New Zealand operations but retain ownership of the international audiology businesses in Australia and Asia offers attractive future investment potential, in markets that are many times larger than New Zealand.

"Moving forward, we will have a portfolio of strong businesses with significant opportunities in markets that offer great potential. Part of the proceeds from the sale of Bay Audiology New Zealand Limited will be invested into Abano's growth businesses in audiology in Australia and Asia, dental in New Zealand and Australia and radiology in New Zealand.

"Abano will receive a capital profit of over \$70 million which will be used to retire debt, make a capital return of approximately \$53 million to shareholders and will leave Abano with a very strong portfolio of businesses across New Zealand, Australia and South East Asia.

"We will continue to co-invest in partnerships with the high quality clinical founders of successful businesses and then will work with them to generate additional shareholder value.

"Our managers and directors have a very good understanding of the potential of the healthcare industry and very good market knowledge. We have a strong strategic plan for the future, proven management personnel and a track record of year on year growth and meeting our guidance."

Following the sale of the Bay Audiology New Zealand sale, shareholders will receive a capital return of approximately \$53 million, through both the payment of a special early interim dividend and through a voluntary pro rata share buyback and cancellation.

The board also commented on the option to acquire up to NZ\$30 million of equity in the new combined Bay Audiology New Zealand and National Hearing Care entity. If exercised, this investment would be held on a 50:50 basis along with interests associated with Peter Hutson, one of the initial founding shareholders of Bay Audiology.

Alison Paterson commented: "The exercise date is the end of next week and at this stage, while viewing this option favourably, the board is waiting for further information from National Hearing Care in regards to the price and size of the shareholding. We expect to be able to make a final decision by next week."

At the meeting, the company provided shareholders with an update on its current performance.

Alison Paterson said: "This has been a year of unprecedented economic turbulence, as well as change for Abano. Although healthcare is reasonably insulated from economic conditions, Abano has seen some impact from the slow down in the world economy. Additionally, there will now be increased investment into the accelerated growth of Abano's businesses, particularly in dental and new greenfield sites for audiology. The full financial benefit of this investment will not be realised until the 2011 financial year.

"Four months into the current financial year, the board confirms its expectations that, following the sale of Bay New Zealand, Abano will achieve revenues of over \$150 million and an EBITDA of over \$20 million for the 2010 financial year. As with previous years, we will provide a further update on full year guidance following the Christmas and New Year holiday trading season.

"For the six months ending 30 November 2009, we expect revenues in the range of \$101 to \$103 million, EBITDA of \$13 to \$14 million and a Net Operating Profit After Tax of \$3.1 to \$3.7 million. This guidance includes a five month contribution from Bay Audiology in New Zealand, and reflects one month of 50 percent of the equity accounted results from Bay International.

"In addition, there will be a one off gain on sale of over \$70 million. This gain takes into account all costs associated with the transaction, including closing out a portion of the existing debt facility and interest rate hedges to reflect the significantly lower debt across the Group."

Shareholders at the meeting passed all resolutions, including:

1. Reappointment and remuneration of PricewaterhouseCoopers as auditors
2. Re-election of Mrs Alison Paterson as a director
3. Re-election of Mrs Susan Paterson as a director
4. Election of Mr Danny Chan as a director
- 5-7. Approval of sale of Bay Audiology New Zealand to National Hearing Care

**ENDS**

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses in four sectors – audiology, rehabilitation, diagnostics and dental.

**Existing subsidiary entities as at 8 October 2009 include:**

Abano Audiology	Bay Audiology (NZ)	70% owned by Abano
	Bay Audiology South (South Island, NZ)	85% owned by Bay Audiology
	Dilworth Hearing	40% owned by Bay Audiology
	Bay Audio Pty (Australia)	81% owned by Bay Audiology
	Bay International	85% owned by Bay Audiology
	Bay Audiology Hong Kong (Dynasound)	100% owned by Bay International
	Bay Audiology Singapore (Sountex)	100% owned by Bay International
Abano Rehabilitation	Burtons Healthcare (NZ)	100% owned by Abano
	Health Partners (NZ)	
	Ranworth Healthcare (NZ)	
	Orthotic Centre (NZ)	
Abano Diagnostics	Aotea Pathology (Wellington, NZ)	55% owned by Abano
	Ascot Radiology and Greenlane Imaging (Auckland, NZ)	73% owned by Abano
	Insight Radiology (NZ)	80% owned by Abano
Abano Dental	Lumino The Dentists (NZ)	100% owned by Abano
	Kidz-Teeth (NZ)	70% owned by Abano
	Dental Partners (Australia)	70% owned by Abano